



DEAR SHAREHOLDERS,

The 2016 fiscal year was a successful year for Zalando. Despite the continued important investments for the implementation of the platform strategy, such as, the further extension of the logistics network, the launch of the integrated commerce activities as well as the further expansion of the technology team, the company ended the year with the most successful quarter ever and even outperformed its already ambitious profit forecast.

CONSULTATION AND MONITORING

The Supervisory Board duly performed its duties in accordance with statutory requirements, the Articles of Association, the Supervisory Board's Rules of Procedure as well as the German Corporate Governance Code. It received regular and detailed written and oral reports on the intended business policies, any material issues regarding financial, investment, and personnel planning as well as the progress of business, including the profitability of the company. In particular, the Management Board consulted the Supervisory Board on the group's strategy. The Supervisory Board was directly involved in all material decisions. Transactions requiring approval were presented by the Management



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The Supervisory Board and Management Board – from left to right:

Kai-Uwe Ricke Member of the Supervisory Board, chairperson of the audit committee,

Dylan Ross Member of the Supervisory Board,

Beate Siert Member of the Supervisory Board, member of the remuneration committee,

Lorenzo Grabau Deputy chairperson of the Supervisory Board, member of the audit committee, chairperson of the remuneration committee,

Robert Gentz Co-founder and member of the Management Board,

Jørgen Madsen Lindemann Member of the Supervisory Board, **Rubin Ritter** Member of the Management Board,

Lothar Lanz Chairperson of the Supervisory Board, member of the audit committee, member of the remuneration committee, chairperson of the nomination committee,

David Schneider Co-founder and member of the Management Board,

Anders Holch Povlsen Member of the Supervisory Board, member of the nomination committee,

Konrad Schäfers Member of the Supervisory Board, member of the audit committee,

Alexander Samwer Member of the Supervisory Board, member of the remuneration committee, member of the nomination committee

Board and discussed before decisions were taken. The discussions took place at the meetings of the plenum of the Supervisory Board and its committees as well as through contact with the Management Board outside of the scheduled meetings.

The Supervisory Board is satisfied that the Management Board has established an effective risk management system capable of recognizing at an early stage any developments that could jeopardize the existence of the company. Furthermore, the Supervisory Board is satisfied with the continued expansion and effectiveness of the compliance program, which ensures compliance with the law and with internal guidelines.

Outside of the meetings and without the participation of the Management Board, the chairperson of the audit committee held detailed discussions with the auditor on topics relating to the audit.

The chairperson of the Supervisory Board was also in regular contact with the Management Board outside of the scheduled meetings.

MEETINGS OF THE SUPERVISORY BOARD AND ITS COMMITTEES

The plenum of the Supervisory Board held five meetings in fiscal year 2016. The audit committee held four meetings, the remuneration committee held two meetings and the nomination committee held five meetings.

The plenum of the Supervisory Board was informed about the results of meetings of the committees at its subsequent plenary meetings.

Anders Holch Povlsen was prevented from attending one meeting of the Supervisory Board. Kai-Uwe Ricke was prevented from attending one meeting of the audit committee. The other members attended all meetings of the Supervisory Board and their respective committee meetings.

The plenum of the Supervisory Board addressed, among other items, the adoption of the financial statements for 2015, the approval of the consolidated financial statements for 2015, the analysis and discussion of the management reports on the course of business and the company's strategy, the proposals to the annual general meeting 2016, the ratification of the budget for fiscal year 2017, and resolutions on the latest corporate governance issues, including the declaration of compliance with the German Corporate Governance Code and a review of the efficiency of its own work.

Based on the law and the requirements laid down in the Articles of Association and the Management Board's Rules of Procedure, certain transactions and measures require the prior approval of the Supervisory Board. Before granting its approval, the Supervisory Board addressed, among other issues, the construction of a new logistics center in Szczecin, Poland, the interior completion of the fulfillment centers in Lahr and Szczecin, and the extension of reverse factoring facilities.

The audit committee analyzed the annual financial statements 2015 and the consolidated financial statements 2015, including the combined management report for 2015, as well as the quarterly reports for the first three months, six months and nine months of 2016. The audit committee also regularly reviewed and discussed the focus of the audit, the status reports on GRC (Governance, Risk & Compliance), litigation, and the work of the internal audit, and also addressed the new requirements due to the German Audit Reform Act. The audit committee was involved in the preparation of the Supervisory Board's proposal to the annual general meeting 2016 for the appointment of the auditor and group auditor. The chairperson of the audit committee conferred with the auditors on the audit focus.

The remuneration committee addressed the roll-out of the new employee incentive program and undertook a review of the Management Board's performance.

The nomination committee dealt with the preparation of the Supervisory Board's proposal to the annual general meeting on the succession of Cristina Stenbeck and the further succession planning of the Supervisory Board.

No conflicts of interest of any Supervisory Board member occurred in the context of the work of the Supervisory Board.

AUDIT AND RATIFICATION OF THE ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board forwarded the annual financial statements and the consolidated financial statements for fiscal year 2016 as well as the proposal of the Management Board for the appropriation of profit to the chairperson of the Supervisory Board and the chairperson of the audit committee immediately upon their completion in February 2017 and before they were finally attested. The annual financial statements for 2016 and the consolidated financial statements for 2016, as well as the combined management report for the company and the group were examined by the auditor who rendered an unqualified audit opinion on them.

The financial statements and the auditor's reports were sent to the members of the Supervisory Board.

In a first step, the audit committee closely examined the financial statements and the proposal for the appropriation of profit in the presence of the auditor. The auditor reported on the most significant matters of the audit. Thereafter, the Supervisory Board discussed the financial statements and the proposal for the appropriation of profit in detail.

The Supervisory Board approved the audit results. It examined the annual financial statements and consolidated financial statements, the combined management report for ZALANDO SE and the group as well as the proposal of the Management Board for the appropriation of profit. The findings of the preliminary audit conducted by the audit committee and the Supervisory Board's own findings corroborate the findings of the external auditor. Based on this final review, the Supervisory Board raised no objections to the audit. The Supervisory Board has therefore approved and adopted the annual financial statements for 2016 and approved the consolidated financial statements for 2016. The Supervisory Board concurred with the proposal of the Management Board for the appropriation of profit (to be carried forward to new account), in consideration of particularly the company's annual result, liquidity, and financial planning.



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CORPORATE GOVERNANCE

The annual declaration of conformity was issued by the Management Board and the Supervisory Board in November 2016 and updated in December 2016. The complete text of the declaration can be found in Section 01.5.1 on page 49. The declarations are made permanently available under the section on Corporate Governance on the company's website.



zln.do/en-conformity

More information on corporate governance can be found in the corporate governance report and associated declaration on page 49. With regard to the remuneration structure for the members of the Management Board for fiscal year 2016 and to avoid repetition, please see the comments in the remuneration report on page 61.



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PERSONNEL MATTERS

Cristina Stenbeck resigned from her office as member and chairperson of the Supervisory Board with the conclusion of the annual general meeting on May 31, 2016. The Supervisory Board would like to thank Cristina Stenbeck for her valuable contributions to the work of the Supervisory Board and the trust-based cooperation. It was a pleasure and honor to be member of the Supervisory Board under her chairmanship.

The annual general meeting 2016 elected Jørgen Madsen Lindemann as a new member of the Supervisory Board until the end of the annual general meeting that resolves on the formal approval of the members' acts for the fiscal year 2016.

At the meeting of the Supervisory Board following the annual general meeting, Lothar Lanz was elected new chairperson of the Supervisory Board and resigned from his position as chairperson of the audit committee. In addition, Lothar Lanz was elected member of the remuneration committee. Kai-Uwe Ricke was elected new chairperson of the audit committee. Lorenzo Grabau was nominated to the nomination committee and elected new chairperson of the nomination committee. In January 2017, Lorenzo Grabau resigned from his position in the nomination committee and was replaced by Lothar Lanz as new member and chairperson of the nomination committee. All other committee memberships and chairs remain unchanged.

The Supervisory Board would like to thank the Management Board and all employees of the company for their high level of commitment and the excellent achievements in the fiscal year 2016.

Berlin, February 24, 2017

Lothar Lanz

The following overview lists all of the companies and enterprises in which the members of the Supervisory Board of ZALANDO SE currently are members of a statutory supervisory board of the companies or members of a comparable controlling body in Germany or abroad.

CURRENT AND PAST SEATS

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Name of Supervisory Board Member	Profession	Mandates pursuant to Sec. 125 (1) Sentence 5 AktG
Lorenzo Grabau	Member of Boards of Directors, including Millicom International Cellular S.A.	Qliro Group AB, Sweden (Member of the Board of Directors) Millicom International Cellular S.A., Luxembourg (Member of the Board of Directors) Tele2 AB, Sweden (Member of the Board of Directors) Global Fashion Holding S.A., Luxembourg (Member of the Board of Directors, Chairman, until December 2016) Rocket Internet SE, Berlin (Member of the Supervisory Board, until June 2016) Lazada Group S.A., Luxembourg (Member of the Board of Directors, Chairman, until April 2016)

Name of Supervisory Board Member	Profession	Mandates pursuant to Sec. 125 (1) Sentence 5 AktG
Lothar Lanz	Member of Supervisory Boards including Axel Springer SE, Kinnevik AB and TAG Immobilien AG	<p>Axel Springer SE (Member of the Supervisory Board)</p> <p>Bauwert AG (Member of the Supervisory Board, Chairperson)</p> <p>Dogan TV Holding A.S. (Member of the Board of Directors)</p> <p>Home24 AG (Member of the Supervisory Board, Chairperson)</p> <p>Kinnevik AB (Member of the Board of Directors)</p> <p>TAG Immobilien AG (Member of the Supervisory Board, Deputy Chairperson)</p>
Jørgen Madsen Lindemann*	Chief Executive Officer of Modern Times Group MTG AB	Turtle Entertainment GmbH, Cologne, Germany (Member of the Advisory Board)
Anders Holch Povlsen**	Chief Executive Officer of the Bestseller group	<p>Intervare A / S 25169158, Denmark (Member of the Board of Directors, Chairperson)</p> <p>Nemlig.com A / S, Denmark (Member of the Board of Directors, Chairperson)</p> <p>J.Lindeberg AB 556533-7085, Sweden (Member of the Board of Directors)</p> <p>J.Lindeberg Holding AB, Sweden (Member of the Board of Directors)</p> <p>J.Lindeberg IP HK Limited, Hong Kong (Member of the Board of Directors)</p> <p>J.Lindeberg Holding (Singapore) Pte. Ltd., Singapore (Member of the Board of Directors)</p> <p>JL Schweiz AG, Switzerland (Member of the Board of Directors, Chairperson)</p>
Kai-Uwe Ricke	Chairperson of the Board of Directors of Delta Partners	<p>United Internet AG, Montabaur (Member of the Supervisory Board)</p> <p><i>Mandates in affiliated companies:</i></p> <p>United Internet Ventures AG, Montabaur (Member of the Supervisory Board)</p> <p>1&1 Internet SE, Montabaur (Member of the Supervisory Board)</p> <p>1&1 Telecommunication SE, Montabaur (Member of the Supervisory Board) Chairperson)</p> <p>1&1 Mail & Media Applications SE, Montabaur (Member of the Supervisory Board, Deputy Chairperson)</p> <p>EUN Holdings LLP, Delaware (Member of the Board of Directors, since October 2016)</p> <p>euNetworks Group Ltd, Singapore (Member of the Board of Directors, until October 2016)</p> <p>Delta Partners, Dubai (Member of the Board of Directors, Chairperson)</p> <p>SUSI Partners AG, Switzerland (Member of the Board of Directors, Chairperson)</p> <p>Virgin Mobile CEE, Netherlands (Member of the Board of Directors)</p>

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Name of Supervisory Board Member	Profession	Mandates pursuant to Sec. 125 (1) Sentence 5 AktG
Dylan Ross	Employee of ZALANDO SE (Category Management)	–
Alexander Samwer	Independent internet entrepreneur	Home24 AG, Germany (Member of the Supervisory Board)
Konrad Schäfers	Employee of ZALANDO SE (Commercial App)	–
Beate Siert	Employee of ZALANDO SE (Sourcing & Recruiting)	–
Cristina Stenbeck (Member and Chairperson until May 2016)	Member of the Board of Directors of Kinnevik AB	Kinnevik AB, Sweden (Member of the Board of Directors; Chairperson until May 2016) Millicom International Cellular, Luxembourg (Member of the Board of Directors; Chairperson until May 2016) Verdere SARL, Luxembourg (Member of the Board of Directors, Chairperson)

*) Mr. Lindemann is also member of Boards of Directors at various foreign group entities of the Modern Times Group MTG corporate group.

**) Mr. Povlsen is also member of Boards of Directors at various foreign group entities of the Bestseller group as well as foreign entities with a family connection.

CURRENT AND PAST SEATS OF THE MANAGEMENT BOARD

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Name of the Management Board Member	Mandates pursuant to Sec. 125 (1) Sentence 5 AktG
David Schneider	Anatwine Ltd., Member of the Board of Directors Trivago N.V., Member of the Supervisory Board (since December 2016)
Robert Gentz	–
Rubin Ritter	–